

Message Text

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C O N F I D E N T I A L HONG KONG 10591

NOFORN

CINCPAC FOR POLAD

E.O. 11652: XGDS-2

TAGS: ETRD CH

SUBJ: EXPORT COMMODITIES FAIR OPENS IN CANTON

REF: HK 10592 (NOTAL)

SUMMARY: CHINA'S 34TH EXPORT COMMODITIES FAIR OPENED IN CANTON OCTOBER 15 WITH A LARGER NUMBER OF U.S. BUSINESSMEN PRESENT THAN EVER BEFORE. PRICES REMAIN HIGH BUT ARE GENERALLY FELT TO BE IN LINE WITH WORLD MARKET LEVELS. AMERICANS HAVE RECEIVED A CORDIAL RECEPTION WITH THE CHINESE SEEMINGLY MORE WILLING TO ACCOMMODATE PACKAGING AND LABELING REQUESTS. FOR THE FIRST TIME U.S. "OFFICES" ARE AVAILABLE TO ASSIST AMERICAN BUSINESSMEN. END SUMMARY

1. CHINA'S 34TH EXPORT COMMODITIES FAIR OPENED OCTOBER 15 WITH THE TRADITIONAL BURST OF FIRECRACKERS AND CRUSH OF FOREIGN BUSINESSMEN. MISSING, HOWEVER, WERE THE MOANS
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OVER PRICE INCREASES AND BUYING SPREES BY JAPANESE BUSINESS-

MEN WHICH CHARACTERIZED THE OPENING OF THE 1973 SPRING FAIR (HK 4426). AMONG THE MANY FOREIGN OFFICIALS AND GROUPS ATTENDING THE FAIR'S OPENING WERE SPECIAL DELEGATIONS FROM GUYANA (LED BY MINISTER OF TRADE GEORGE KING), BURUNDI (LED BY MINISTER OF PUBLIC WORKS LONGIN KANUMA), ZAMBIA, MALI, THE CONGO, NEW ZEALAND, AUSTRALIA, BURMA AND MALAYSIE (NCNA, OCT 15). WHILE PERHAPS LESS AGGRESSIVE THAN IN THE PAST, THE JAPANESE CONTINUE TO HAVE THE LARGEST NATIONAL REPRESENTATION AT THE FAIR WITH 1,500 FIRMS SCHEDULED TO TAKE PART (JAPAN TIMES, OCT 15).

2. OVERALL, PRICES REMAIN HIGH BUT ARE FELT BY FOREIGN BUSINESSMEN TO BE GENERALLY REASONABLE AND IN LINE WITH THE WORLD MARKET. LAST SPRING A SUBSTANTIAL INCREASE IN FAIR PRICES OVER THOSE CHARGED AT THE 1972 FALL FAIR BROUGHT CHINESE PRICES UP TO (AND, IN SOME CASES, ABOVE) WORLD MARKET LEVELS. ACCORDING TO A FAIR OFFICIAL, ONLY RELATIVELY SMALLER ADJUSTMENTS WILL NOW BE REQUIRED TO KEEP CHINESE PRICES IN LINE WITH THOSE OF OTHER COUNTRIES. INITIAL REPORTS INDICATE A SLIGHT RISE IN THE PRICE OF TEXTILES (UP 10 PERCENT) AND TOBACCO (UP 30 PERCENT) BUT A DECREASE IN THE PRICE OF SOME CHEMICALS. AS IN THE PAST, NO PRICES FOR PRODUCTS SUCH AS ESSENTIAL OILS WERE SET IN THE FIRST FEW DAYS OF THE FAIR. ONE SOMBER NOTE WAS SOUNDED BY A RETURNING GROUP OF SMALL U.S. IMPORTERS WHO SAID THAT WITH PRICES FOR CHINESE GOODS NOT MUCH DIFFERENT THAN THOSE IN SAN FRANCISCO IT DID NOT PAY FOR THEM TO COME ALL THE WAY TO CANTON.

3. ALTHOUGH INDICATIONS ARE THAT TOTAL AMERICAN ATTENDANCE AT THE FAIR WILL BE ABOUT THE SAME AS IN THE SPRING, A LARGER NUMBER OF U.S. BUSINESSMEN WERE ON HAND FOR THE OPENING THAN EVER BEFORE. AMONG THE 30 TO 40 FIRMS REPRESENTED WERE SIX MAJOR DEPARTMENT STORES (SEARS, J.C. PENNEY, BLOOMINGDALES, GIMBELS, MARSHALL FIELD AND SAKS FIFTH AVENUE), A NUMBER OF GENERAL IMPORTERS AND FOUR TOBACCO COMPANIES (W.A. ADAMS, R.J. REYNOLDS, UNIVERSAL LEAF, AND THE AUSTRALIAN SUBSIDIARY OF PHILLIP MORRIS). AT LEAST SIX U.S. OIL FIELD EQUIPMENT, PETROLEUM AND CHEMICAL COMPANIES WILL ALSO TAKE PART (HK 3220).
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4. CONTINUING THE TREND OF RECENT FAIRS, THIS ONE SEEMS ALMOST DEVOID OF POLITICAL OVERTONES. EVEN THE USUAL COPIES OF "CHINA RECONSTRUCTS" WERE MISSING FROM THE HOTEL MAGAZINE RACKS ON OPENING DAY. AMERICANS HAVE RECEIVED A CORDIAL RECEPTION WITH THE CHINESE SEEMINGLY MORE RECEPTIVE TO PACKAGING AND LABELING REQUESTS THAN IN THE PAST. FOR THE FIRST TIME A USG "OFFICE" STAFFED BY ECONOMIC OFFICERS

FROM CONGEN HK AND USLO PEKING AND AN "OFFICE" OF THE
NATIONAL COUNCIL FOR US-CHINA TRADE WERE AVAILABLE IN THE
TUNG FANG HOTEL TO PROVIDE SERVICES TO U.S. BUSINESSMEN
ATTENDING THE FAIR.
DEAN

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